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Wednesday, 13 January 2010, 10:47

C O N F I D E N T I A L SECTION 01 OF 02 KAMPALA 000019

SIPDIS

EO 12958 DECL: 2020/01/13

TAGS PGOV, PREL, EPET, KCOR, UG

SUBJECT: UGANDA: SECURITY REPORT DETAILS OIL SECTOR CORRUPTION

REF: 09 KAMPALA 1401

CLASSIFIED BY: Aaron Sampson, Pol/Econ Chief, State, Pol/Econ; REASON: 1.4(B), (D)

1. (C) Summary: A December 17 report by the External Security Organization (ESO), which XXXXXXXXXXXX allegedly forwarded to President Musever

Security Report Targets Security Minister

2. (C) On January 7, Tullow Oil's Director for External Relations, Andy Demetriou, provided EconOff with a copy of a supposedly confidential U

3. (C) The report claims that Mbabazi is using a front company belonging to the European owner of Asante Oil, and that ENI representatives dis

Tullow Ghost Writing?

4. (C) Tullow officials told EconOff the company did not leak the security report to the press, and said it was not to Tullow's advantage to r

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Tullow Seeks Legal Recourse

5. (C) Tullow owns half of each of the oil blocks Heritage is attempting to sell. According to Tullow and Heritage's contractual agreement, Tu

6. (C) It now appears that Heritage did notify Tullow on December 18 of the impending ENI sale. On January 9, Tullow's London based lawyers ir

Comment: Ugandan Oil Getting Dirtier

7. (C) We believe Mbabazi is positioning himself for a significant payoff, but the security report is undermined somewhat by Tullow's apparent